

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1550 - SB 1486

March 4, 2011

SUMMARY OF BILL: Makes changes to the Tennessee Title Pledge Act and the Deferred Presentment Services Act regarding the permissible rates that these lenders can charge a borrower. Reduces, from two percent to one-half of one percent per month, the effective rate of interest that may be charged, and the customary fee from one-fifth of the original principal amount to three percent of the original principal amount of the title pledge agreement. Reduces, from 15 percent of the face amount of the check or \$30 to five percent of the face amount of the check or \$30, the fee amount that a deferred presentment service provider is authorized to charge a customer.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Reducing the rates of interest and fees that may be charged will not result in a significant decrease in the number of title pledge lenders or deferred presentment service providers.
- The proposed legislation will not have a significant regulatory or fiscal impact on the Department of Financial Institutions. Any cost incurred can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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